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CENTRAL INTELLIGENCE BULLETIN



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I. THE COMMUNIST BLOC

East German delegation which toured Asian countries found "many doors closed."

II. ASIA-AFRICA

Indonesia--Foreign Minister Subandrio says Khrushchev during recent visit bickered constantly with President Sukarno.

Nasir's Syrian visit seen as success in easing dissatisfaction; showdown with Interior Minister Sarraj may be in offing.

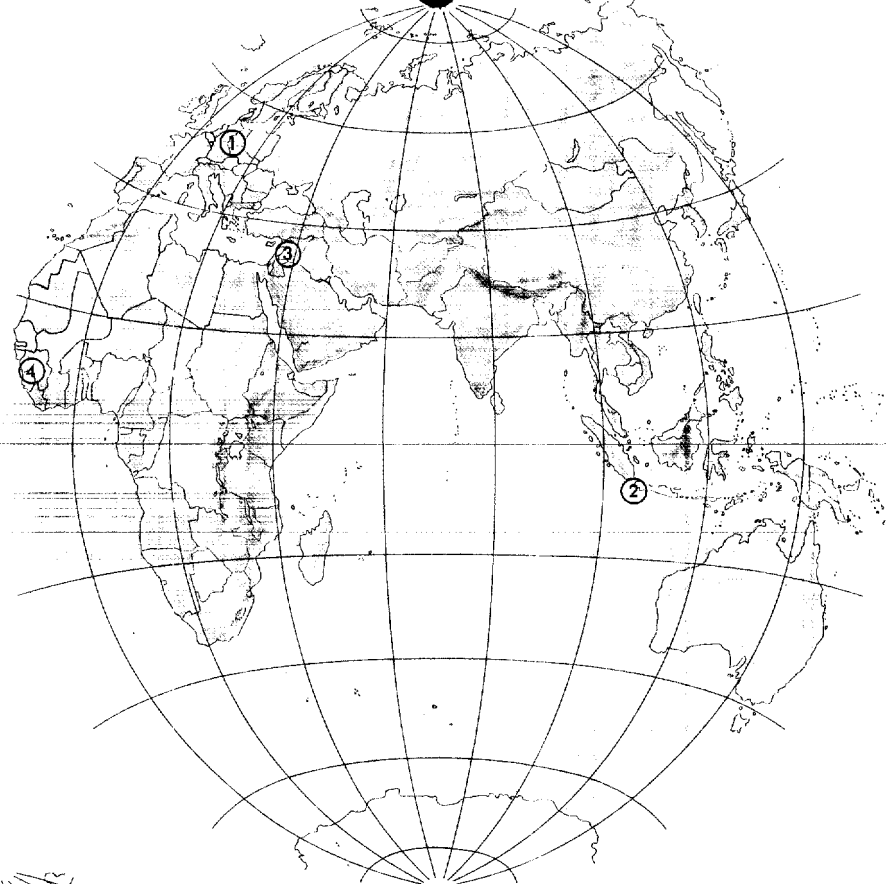
Guinea's decision to leave French franc zone will make it difficult for France to retain economic interests there.

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DAILY BRIEF

I. THE COMMUNIST BLOC

OK
East Germany: [The East Germans have concluded that, contrary to bloc propaganda and their previous expectations, participation in the Geneva foreign ministers' conference did not enhance the status of their regime among neutralist countries. This conclusion was reached after the recent visit to several Asian countries of a high-level East German delegation which found that "many doors which had formerly been open to East German representatives had been closed." The delegation blamed this development on increased West German activity to counter East German attempts to gain recognition.] [redacted]

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II. ASIA-AFRICA

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Indonesia: [Khrushchev and Sukarno bickered almost constantly during the Soviet premier's recent visit to Indonesia, according to Foreign Minister Subandrio. He said Sukarno had reacted to Khrushchev's bullying at one point by saying, "I can't stand this another minute. I didn't invite this man here to be insulted by him." Subandrio added that Khrushchev constantly emphasized Soviet achievements, gave blunt lectures on Communism "as the only way," and alluded to Indonesian bungling. The Indonesians were impressed by Khrushchev's dynamism, however, and Subandrio said that the Russians, as opposed to the Chinese, would be the predominant Communist influence in the country for the foreseeable future.] [redacted] (Page 2)

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OK
UAR: [Nasir's extended visit to Syria, which began on 14 February and may last until after Ramadan ends in late March, appears to have diminished Syrian dissatisfaction with the Syrian-Egyptian union.] [redacted]

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[redacted] talk of separatism which was current before Nasir's visit now has stopped. The economic and political problems which beset Syria remain acute, however, and Nasir's personal prestige and his success in handling conflicting elements may prove to have eased the situation only temporarily. Also the possibility of a showdown with the still powerful Syrian Interior Minister Sarraj appears to be growing. [redacted]

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Guinea: The decision to leave the French franc zone and adopt a Marxist-oriented plan for economic development has caused great uncertainty in the foreign business community, which is largely French. Western economic interests will face new obstacles in promoting trade and investment. The Communist bloc, however, has commitments for roughly 60 percent of Conakry's foreign trade through barter arrangements and is in a favorable position to enhance its prestige. The bloc may hope to make this West African nation a showpiece which would demonstrate the advantages of close cooperation with the bloc to other African countries. [redacted]

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I. THE COMMUNIST BLOC

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East Germany Fails to Win Neutral Asian Sympathy

[East German Deputy Foreign Minister Otto Winzer, just back from a Far Eastern tour, reportedly now feels that East Germany's participation in the Geneva foreign ministers' conference last summer as an equal of West Germany did not enhance its standing with the neutralist countries. Winzer asserted that "many doors which had formerly been open" to East Germans had been closed as a result of vigorous West German efforts to counter the Ulbricht regime's drive for recognition. Winzer indicated that the regime would have to abandon temporarily its drive to convert its trade missions in neutralist countries into semidiplomatic establishments.]

[The East German delegation's visit to Burma is known to have had adverse repercussions in Rangoon.]

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[the East Germans falsely claimed to have received an official invitation to visit Rangoon, had done everything possible to embarrass Burmese - West German relations, and had otherwise shown "scant regard" for Burmese feelings. As a result, Rangoon canceled its participation in the Leipzig fair.]

[Winzer foresaw no change--presumably in the near future--in East Germany's relations with India. Nehru has made it clear to East German representatives that he has no intention of recognizing East Germany prior to the summit meeting, but] recently expressed the view that New Delhi might be compelled by overriding economic and political considerations to accord recognition by the end of 1960.]

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II. ASIA-AFRICA

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Indonesian Foreign Minister Describes Khrushchev's Visit

[Indonesian Foreign Minister Subandrio has told the American ambassador that Khrushchev's visit was the "toughest affair he has ever had to handle" and that there was almost constant bickering between President Sukarno and the Soviet leader. He quoted Sukarno as saying, "I didn't invite this man here to be insulted by him." Subandrio gave the impression that Khrushchev had boasted of Soviet achievements, alluded to Indonesian bungling, and given blunt lectures on the virtues of Communism.]

[In discussing Indonesia's five-year plan, Khrushchev wanted detailed figures on the country's economy. When Sukarno said he was not interested in these details, Khrushchev told him, "You are no socialist. Socialism consists of figures, figures, figures." "You are a robot," Sukarno retorted. When Khrushchev challenged Indonesia's purchase of Lockheed Electras as "imperialist aircraft," Sukarno replied that he was buying what he considered best suited for Indonesia.]

[Subandrio admitted, however, that the \$250,000,000 Soviet credit had been requested by Indonesia. He said he had earlier agreed with Sukarno and First Minister Djuanda that, in view of Indonesia's economic needs, it would be difficult if not politically impossible to "refuse a generous Soviet offer." Apparently the figure requested had been used in Indonesian planning last fall.]

[Subandrio stressed that the Russians appeared fearful that Indonesia, as a result of its conflicts with Communist China, was about to abandon its independent foreign policy. Khrushchev referred time after time to this in conversations in an apparent effort to dissuade Indonesian leaders from a course which he seemed to assume they were already seriously considering.]

[Despite the personality clash between the two leaders and despite official resentment at Khrushchev's having put Indonesia]

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[on the defensive, Indonesians found Khrushchev impressive and a man of great capability. Subandrio said the Russians gave the distinct impression that they were straightening out the difficulties left by the Chinese. He believes the Russians will be the predominant Communist influence in Indonesia for the foreseeable future.]

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Nasir's Syrian Visit

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[Nasir's visit to Syria, which began on 14 February and may last until late March, is reported to have "confirmed" his belief that he is still the "main leader" in the Arab world and that the Syrians favor continued union with Egypt. His personal prestige in the UAR's northern region appears to be very high, and his numerous speeches and personal contacts seem at least temporarily to have stilled the numerous advocates of separatism.]

[Nasir has sought with apparent success to convince the Syrians of the dangers of what he alleges to be constant threats to unity, such as Israel, Qasim of Iraq, imperialism, and Communism. Current developments provided him material for his verbal attacks, including the border crisis with Israel, the Arab League discussions on Palestine, the publication of the memoirs of former British Prime Minister Eden, and the harsh sentences handed down at the Baghdad trial of Qasim's would-be assassins.]

[The problems of the Syrian economy and domestic political rivalries remain, although the removal or lessening of governmental economic restrictions, a slowdown in land reform, and urgent planning for development have reassured most economic groups. The regime will nonetheless have considerable dissatisfaction to cope with until the effects of its initial errors and three consecutive years of poor crops are overcome. It is likely that Nasir will continue the trend of favoring conservative elements, despite their differences with the more radical aims of the Nasir regime. The composition of the new cabinet and parliament, expected to be named soon, should confirm this trend.]

[Some trouble may lie ahead for the regime in its handling of Syrian strong man Abd al-Hamid Sarraj. Nasir's trip has reportedly convinced him of Sarraj's unpopularity and personal ambition. An attempt to remove or neutralize Sarraj, who presumably retains considerable strength in the Syrian Army and security forces, may be in the offing.]

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Implications of Guinea's Withdrawal from French Franc Zone

The announcement on 1 March by President Sekou Touré that Guinea is withdrawing from the French franc zone and establishing a central bank and a new national currency--the Guinea franc--has caused great uncertainty in the foreign business community there. Some 380 European employees of the US-controlled Fria alumina combine, fearing their earnings will be paid in Guinea francs of doubtful value, are on strike pending clarification of this point.

Another measure, which will cause further anxiety among Western business interests regarding trade and investment opportunities, is Guinea's reported plan to adopt a Marxist-oriented economic development program. This proposed three-year program, implementation of which is to begin on 1 July, suggests that the movement toward a state-controlled economy will be intensified and that prospects for private investment will be extremely limited. The government apparently intends to encourage the establishment of state farms and cooperatives, develop all new industries, and monopolize internal and external trade.

The Soviet bloc, meanwhile, seems to be stepping up its efforts to make Guinea an example of the advantages of close cooperation with the Communist world. Radio Moscow announced on 2 March the signing of a protocol to the Soviet \$35,000,000 credit agreement of last summer. Under this agreement the USSR will assist in the construction of a number of industrial establishments, a polytechnical institute, and a stadium with a capacity of 25,000, and the reconstruction of an airport and a railway. The USSR will also assist Guinea in organizing state-controlled agricultural establishments.

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